

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Quality Pump and Control Inc.,
Petitioner-Appellant,

v.

Mason City Board of Review,
Respondent-Appellee.

ORDER

Docket No. 11-106-0054
Parcel No. 07-16-127-011

On November 29, 2011, the above captioned appeal came on for hearing before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellant Quality Pump and Control Inc., was represented by Kristopher (Kit) Alcorn. The Mason City Board of Review designated Attorney James Locher of Locher Law Firm in Mason City, as its legal representative. The Appeal Board having reviewed the record, heard the testimony, and being fully advised, finds:

Findings of Fact

Quality Pump and Control Inc., (Quality Pump) is the owner of a commercially classified property located at 840 15th Street SW, Mason City, Iowa. The property is improved with a metal, pole-frame structure, built in 1994. The structure has a total building area of 4160 square feet. The property record card indicates the structure has 2080 square feet of heated, finished office area.¹ The property also has 7500 square-feet of concrete parking area. The site is rectangular in shape with 118 foot frontage and 150 foot depth for a total of 0.406 acres.

Quality Pump protested to the Mason City County Board of Review regarding the 2011 assessment of \$169,470, which was allocated as follows: \$49,090 in land value and \$120,380 in improvement value. In its petition, it claimed the assessment was not equitable as compared with the

¹ This was disputed by the Appellant at hearing.

assessments of other like property under Iowa Code section 441.37(1)(a); and that there is an error in the assessment under section 441.37(1)(d), stating the subject is “assessed well over similar properties in the same area.” We note this statement essentially reasserts a claim of inequity. Lastly, it claimed there has been a change in value since the assessment under sections 441.37(1) and 441.35. The statement related to this claim essentially asserted the subject property was over-assessed.

Additionally, in a re-assessment year, a challenge based on downward change in value is akin to a market value claim under section 441.37(1)(b). *See Dedham Co-op. Ass’n v. Carroll County Bd. of Review*, 2006 WL 1750300 (Iowa Ct. App. 2006). Quality Pump did not request a hearing before the Board of Review and did not state what it believes is the correct value for the subject property.

The Board of Review denied the protest stating the “petitioner gave no indication of market value.”

Quality Pump then appealed to this Board reasserting both its claims of inequity and over-assessment. In its appeal, it contends the correct value is \$102,450, allocated \$36,230 to the land and \$66,220 to the improvements; however, it also states “our assessment should be unchanged from the \$141,411 it has been for the past several years or lower.”

On its protest form to the Board of Review, Quality Pump listed six properties, all located in Mason City, as equity comparables and provided the following information:

	Assessed At:
1350 5th Harrison Avenue	\$108,860
1070 15th Street SW	\$102,450
826 15th Street SW	\$81,180
1075 15th Street SW	\$132,770
1409 S Taft Avenue	\$111,620
825 15th Street SW	\$97,660

Quality Pump also attached a single-page print out of each property, which included the parcel number, property address, partial plat map, and aerial photo. There was no explanation attached and no other information was presented to the Board of Review for consideration.

At hearing, Quality Pump presented the same information to this Board. Kit Alcorn testified that Quality Pump's assessment increased 19.8%. In his opinion, property values have decreased, and he does not believe the City can justify such an increase. He referenced the six properties, but offered no additional explanation as to how these properties showed that Quality Pump's property was either inequitably assessed or assessed for more than authorized by law. There was no analysis made between these properties and the subject property, there were no adjustments made to the comparables for their differences, and there was no analysis of the market value of these properties compared to their assessed values.

The Board of Review provided Exhibit A which essentially presented the equity comparables provided by Quality Pump on a grid format for comparison. The grid has been recreated as follows, with the subject information highlighted.

Subject ²	Assessed Value	Construction Type	Grade	Age	Depr	Size (GBA)	Office-Finish	Comp Sale Date	Sale Price
					P/F/E*				
840 15th SW	\$169,470	Met/Pole/Fr	4	1994	34/10	4160	2080	2006	\$195,000
1350 S Harrison	\$108,860	Tile	4	1940	70/20/10	4232	none		
		Met/Wd-fr	4	2003	16/10/10	2520	none		
1070 15th SW	\$102,450	Met/Pole/Fr	4	1994	34/10	3456	208		
826 15th SW	\$81,180	Met/st-fr	4	1974	55/10	1653	none		
1075 15th SW	\$132,770	Met/Wd-fr	4	2000	22	4000	360		
1409 Commercial Park Rd ³	\$111,620	Met/st-fr	4+5	1979	55	3200	160	2007	\$115,000
825 15th SW	\$97,660	Met/Wd-fr	4	2003	16	1200	none	2006	\$103,500
		Met/st-fr	4-10	2003	12	324	324		
		Met/Wd-fr	4	2003	16	720	none		

*Phy-Func-Econ

Referencing Exhibit A, Alcorn noted that 1070 15th SW was the most similar and comparable to the subject property, yet assessed for, considerably less. Alcorn identified this building as "identical" to the subject. We note the subject has over 700 square feet more building area and a

² The actual grid presented by the Board of Review (Exhibit A) has the parcel numbers listed under the subject column. For ease of reading and reference, we replaced the parcel numbers with the physical address.

³ The partial property record card (Exhibit C-5) shows this address as 1409 Commerical Park Road; however, the parcel number and assessment coincides with the address 1409 S Taft Ave submitted on Quality's petition to the Board of Review.

considerably higher amount of office finish which may explain, at least in part, some of the difference in assessment.

Mason City Assessor Bob Zinnel testified on behalf of the Board of Review. He stated a revaluation of commercial property was completed in 2011, which would have contributed to the increase in value for the subject property. The subject property was assessed in 2007 for \$141,411 as part of an equalization order. The value remained the same in 2008, and the property had not been reassessed since that time.

Zinnel also noted the subject sold in 2006 for \$195,000, and is currently assessed at roughly 87% of the sale price; or having a sales ratio of 0.87. This is compared to the last two properties in Exhibit A which have sales ratios of 0.97 and 0.94 respectively. A ratio higher than 1.00 indicates assessed value is higher than the sales price. A ratio of 1.00 would indicate an equal assessment to sales price; and a ratio of less than 1.00 would indicate an assessment lower than the sales price. Given this information, Zinnel is of the opinion the subject is equitably assessed.

We note that Zinnel's analysis is not reflective of a true ratio analysis for this assessment as it compares 2006 and 2007 sales prices to the 2011 assessments. For the 2011 assessment appeal, 2010 sales would be a more accurate analysis. While it is the only analysis in the record, we give it limited reliability.

At hearing Alcorn testified the property record card was incorrect in the amount of office finish. He stated it was not 2080 square feet, but rather closer to 960 square feet. When this Board questioned Zinnel about the discrepancy he state it had not been raised to his office. To the best of his recollection, the amount of office finish was confirmed during an inspection of the subject property either at the time it was built or with the previous owner. He stated was not aware of any permits that that would indicate finish had been removed. We suggest that if Quality Pump wishes to verify and correct the actual existing office finish for future assessments, they should request an inspection by the assessor's office.

Lastly, Alcorn questioned Zinnel about the assessed improvement value for this property compared to the six comparables Quality Pump offered. He noted that in five of the six comparables, the assessed improvement value in the prior year columns of Exhibits C 1-6, went down. Zinnel stated he was unable to explain why the improvement value was reduced on these properties as he did not have the property record cards available. He stated it may have been due to the change from the 1998 manual to the 2008 manual, or possibly a change in grade of the properties. We note that while *the improvement* value for those properties was reduced in the 2011 assessment, the *total value* for all six properties increased.

Based on the foregoing, we find insufficient evidence has been provided to demonstrate the subject property is either inequitably assessed or over-assessed.

Conclusions of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value

established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

Id. at 579-580. The gist of this test is the ratio difference between assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1).

In short, the data and the testimony, failed to provide any support for the claims of inequity. For an equity comparison, similar properties must be selected; market values of those properties must be established; then, comparison of the market value to the assessments is made to determine a ratio analysis. It is not enough to simply show other properties are assessed for less. It is necessary to compare those assessments to the market value of each property and demonstrate through a ratio analysis that the subject property is inequitably assessed. Quality Pump did not show inequity under the tests in *Maxwell* or *Eagle Foods*.


In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277

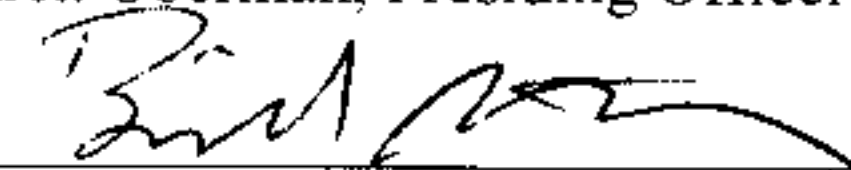
(Iowa 1995). To prove that the property is assessed for more than authorized by law, the market value of the subject property must be established using comparable sales or other factors depending on the situation. Quality did not offer any evidence of market value for the subject property.

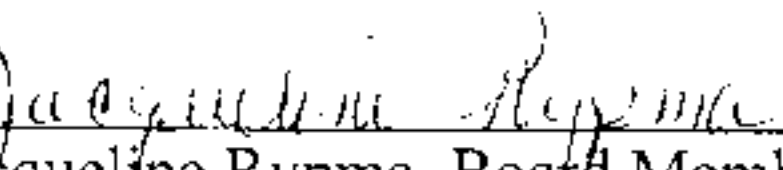
We therefore affirm the assessment of Quality Pump and Control's property as determined by the Mason City Board of Review, as of January 1, 2011.

THE APPEAL BOARD ORDERS the assessment of Quality Pump and Control's property located at 840 15th SW, Mason City, Iowa, of \$169,470, as of January 1, 2011, set by the Mason City Board of Review, is affirmed.

Dated this 26 day of January, 2012.


Karen Oberman, Presiding Officer


Richard Stradley, Board Chair


Jacqueline Rypma, Board Member

Cc:

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>1-26</u> , 2012	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	